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1995/10/19

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JOINT STAFF
INFO SERVICE CENTERHart
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ROUTINE
R 180842Z OCT 95
FM AMEMBASSY BEIJING
TO SECSTATE WASHDC 5025
INFO AMCONSUL GUANGZHOU 8889
AMCONSUL SHANGHAI 7574
ZEM/AMCONSUL CHENGDU

ZYUW RUEHBJA4525 2820942
USDOC WASHDC
AMCONSUL HONG KONG 5793
AMCONSUL SHENYANG 1302

UNCLAS SECTION 01 OF 03 BEIJING 044525

DEPT PASS USTR FOR DWORKIN/KLEIN, SANDS/LEHR
DEPT ALSO PASS VEC FOR BOWMAN CUTTER
USDOC FOR ACTING U/S ROTHKOPF
USDOC ALSO FOR 4420/IEP/EAP/CEA/DFOREST
USDOC ALSO FOR 5130/ITA/IA/OP/AHSU

E.O. 12358: W/A
TAGS: BBSR, BTIO, ECON, BEXP, ETRD, EINW, CH
SUBJECT: COMMERCE SECRETARY BROWN'S MEETINGS IN BEIJING,
OCTOBER 18, 1995: JOINT COMMITTEE ON COMMERCE
AND TRADE (JCCT): CLOSING PLENY.

1. SUMMARY: THE CLOSING PLENY OF THE NINTH SESSION OF THE JCCT ENDED POSITIVELY WITH SECRETARY BROWN AND CHINESE MINISTER WU PRAISING THE SPIRIT OF COOPERATION DEMONSTRATED BY BOTH SIDES. MINISTER WU CLAIMED THAT THE HIGH LEVEL RECEPTION GIVEN TO SECRETARY BROWN DURING HIS VISIT TO BEIJING IS INDICATIVE OF THE CHINESE GOVERNMENT'S DESIRE TO IMPROVE RELATIONS WITH THE UNITED STATES. END SUMMARY.

2. CHINESE MINISTER OF FOREIGN TRADE AND ECONOMIC COOPERATION WU YI BEGAN THE CLOSING PLENY SESSION BY STATING THAT SIGNIFICANT PROGRESS HAD BEEN ACHIEVED BY THE JCCT TO EXPAND U.S.-CHINA COOPERATION AND UNDERSTANDING. SHE COMMENTED THAT SHE APPRECIATED THE CONSTRUCTIVE PROPOSALS PUT FORWARD BY THE U.S. SIDE, AND FOUND THE EXCHANGE OF VIEWS DURING JCCT MEETINGS TO BE USEFUL TO THE FURTHER PROMOTION OF BILATERAL TRADE. SHE INSTRUCTED WORKING GROUP REPRESENTATIVES TO SUMMARIZE THE OUTCOMES OF THEIR GROUPS' DISCUSSIONS.

3. CHINESE CO-CHAIR OF THE WORKING GROUP ON TRADE AND INVESTMENT, WANG ZHIQUAN, STATED THAT THE CHINESE HAD RAISED THE TOPICS OF U.S. SPIC AND TDA PROGRAMS, AS WELL AS TEXTILES AND SOCIAL SECURITY TAX ON CHINESE WORKERS. THE U.S. SIDE HAD BROUGHT UP DEFENSE CONVERSION, A NEW FOCUS OF THE JCCT, AND AIR TRAFFIC CONTROL. THE U.S. SIDE WAS INVITED TO VISIT CHINA LATER IN THE YEAR TO DISCUSS AIR TRAFFIC CONTROL-RELATED TRADE AND INVESTMENT.

JOINT STAFF VI

ACTION (U)
INFO CHAS(1) JS(1) JSAMS(1)
+USCINCPTRANS INTEL GEN SCOTT AFB IL//J2-J3//
+CDR 4TH PSYOP GP//AOC/P-POG-S3//

SECDEF V2
ACTION (U.5)
INFO CHAIRS(1) SECDEF-C(1) DIR-PAE-EPF(1)
USDP/AP(2) USDP:OSAA(1) USDP:MA(1)
+CJAMS WASHINGTON DC
+USDP-OTSA

DIA V3
ACTION (U.5.7)
INFO +CSAF WASHINGTON DC
+JCSPAC HONOLULU HI
+NAIC WRIGHT PATTERSON AFB OH//CXL//
+MARCORINTACT CBT QUANTICO VA
+SAFE

SING/SVC CHF V5
ACTION (U)
INFO +OCSA WASHINGTON DC
+PTC YASH DC

ISSUES. PROJECT FINANCING IN CHINA WAS ALSO DISCUSSED, AND IT WAS AGREED THAT THE U.S. EXIMBANK WOULD DEVELOP AND PROMOTE PROJECTS INVOLVING POWER STATIONS, MEDICAL SUPPLIES, AND AIRPORT EQUIPMENT. U.S.-CHINA DIFFERENCES ON TRADE STATISTICS WAS ACKNOWLEDGED. IN EARLY 1996 A MEETING BETWEEN THE UNITED STATES AND CHINA WILL BE HELD TO DISCUSS TRADE STATISTICS TO WHICH EXPERTS ON RULES OF ORIGIN WILL BE INVITED. A NUMBER OF BUSINESS MANAGEMENT TRAINING SEMINARS WILL ALSO TAKE PLACE.

4. U.S. DEPARTMENT OF COMMERCE GENERAL COUNSEL GINGER LEW SUMMARIZED BILATERAL DISCUSSIONS ON COMMERCIAL LAW. SHE ANNOUNCED THAT A COMMERCIAL LEGAL SEMINAR WILL BE HELD IN THE UNITED STATES DURING THE WEEK OF DECEMBER. ISSUES TO BE COVERED INCLUDE: COUNTERVAILING DUTY, EXPORT CONTROL, ANTI-DUMPING, INSURANCE, AND INVESTMENT REGULATIONS. LEW INDICATED THAT DURING WORKING GROUP CONSULTATIONS THE U.S. SIDE HAD DISCUSSED NEW PATENT AND TRADEMARK GUIDELINES ON COMPUTER SOFTWARE AND BIO-TECHNOLOGIES. THE MARKET ACCESS CONCERN OF U.S. PRIVATE LAW FIRMS IN CHINA WAS ALSO RAISED. IT WAS AGREED THAT U.S. LAW FIRMS WOULD PROVIDE TRAINING IN COMMERCIAL LAW TO MOFTEE OFFICIALS. LEW STATED THAT THE CHINESE SIDE HAD RAISED THE ISSUE OF ABOLISHING THE U.S. JACKSON-VANIK AMENDMENT.

5. CHINESE CO-CHAIR OF THE BUSINESS DEVELOPMENT AND INDUSTRIAL COOPERATION (BDIC) WORKING GROUP, LU HU, STATED THAT BOTH SIDES WERE HAPPY WITH THE ACHIEVEMENTS OF THE WORKING GROUP AND HAD AGREED TO A WORK PROGRAM FOR 1996. HE STRESSED THAT THE WORKING GROUP'S THREE NEW SUBGROUPS ON ENVIRONMENT, TELECOMMUNICATIONS, AND PHARMACEUTICALS WILL BROADEN THE AREAS OF COOPERATION WITHIN THE BDIC. LU COMMENTED THAT U.S. EXPORT CONTROLS ON HIGH TECHNOLOGY EQUIPMENT SALES TO CHINA SHOULD BE FURTHER RELAXED.

6. U.S. DEPARTMENT OF COMMERCE ASSISTANT SECRETARY FOR TRADE DEVELOPMENT RAY VICKERY INTRODUCED THE ESTABLISHMENT OF THE U.S.-CHINA BUSINESS DEVELOPMENT COMMITTEE (BDC). THE BDC WILL WORK IN CONJUNCTION WITH THE JCCT TO FURTHER BILATERAL INDUSTRIAL COOPERATION THROUGH GREATER PRIVATE SECTOR PARTICIPATION IN TRADE DISCUSSIONS.

7. U.S. AND CHINESE BUSINESS REPRESENTATIVES MADE SHOR PRESENTATIONS. WANG JISHAN OF CHINA'S HUANENG CORPORATION STATED THAT HIS FIRM -LAO RECENTLY REACHED PURCHASED A LARGE SCALE THERMAL POWER STATION FROM THE UNITED STATES. HE STRESSED THAT THE UNITED STATES AND CHINA ARE IMPORTANT TRADING PARTNERS, AND THAT BILATERAL COOPERATION WILL BE STRENGTHENED BY THE ESTABLISHMENT OF THE U.S.-CHINA BUSINESS DEVELOPMENT COMMITTEE. RICHARD GRIFFIN, CHAIRMAN OF THE UNITED STATES CHINA TRANSIT

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GROUP COMMENTED THAT THE BDC WILL PROVIDE A USEFUL FORUM FOR CONTINUED COOPERATION BETWEEN U.S. AND CHINESE FIRMS.

PLenary CLOSING STATEMENTS

IS/IPC/ICDR	27/10/95	TS authority to	
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IS/IPC/ICDR		27/10/95	NON-Responsive Info
IS/IPC/ICDR		27/10/95	Non-Options

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8. IN HER CLOSING STATEMENT TO THE PLENIARY SESSION MINISTER WU SAID THAT SHE WAS GLAD THAT THE WORKING GROUP MEETINGS HAD BEEN ACTION-ORIENTED AND HAD AVOIDED "FORMALISM." SHE MENTIONED THAT THE CHINESE HAD FOUND THE EXCHANGE OF INFORMATION ON COMMERCIAL LAW TO BE PARTICULARLY USEFUL. WU COMMENTED THAT THE JCCT SERVED A USEFUL ROLE IN IMPROVING NOT ONLY THE U.S.-CHINA TRADE ENVIRONMENT, BUT ALSO THE OVERALL BILATERAL RELATIONSHIP. SHE STATED THAT THE ANNUAL REVIEW BY THE UNITED STATES OF CHINA'S MFN TRADE PRIVILEGES "HURTS THE FEELINGS OF THE CHINESE PEOPLE," BUT THAT JCCT MEETINGS ALWAYS BRING A NEW IMPETUS TO IMPROVE RELATIONS. WU SAID THAT SHE APPRECIATED THE SPIRIT OF COOPERATION DEMONSTRATED BY BOTH SIDES DURING THIS SESSION OF THE JCCT.

9. U.S. SECRETARY BROWN'S CLOSING STATEMENT HIGHLIGHTED THE POSITIVE ROLE PLAYED BY PRIVATE SECTOR REPRESENTATIVES IN THE JCCT. HE ALSO STRESSED THE SIGNIFICANCE OF NEW AGREEMENTS TO ESTABLISH A U.S.-CHINA BUSINESS DEVELOPMENT COMMITTEE AND WORK PROGRAMS IN ENVIRONMENT AND TELECOMMUNICATIONS. SECRETARY BROWN COMMENTED ON THE INCREASING IMPORTANCE WHICH TRAINING PLAYS IN ECONOMIC DEVELOPMENT, AND STATED THAT HE WAS DELIGHTED THAT THE U.S. AND CHINESE SIDES AT THE JCCT HAD AGREED TO FURTHER COOPERATION IN THE AREA OF MANAGEMENT EDUCATION AND TRAINING. HE MENTIONED THAT IT WAS IMPORTANT FOR CHINA TO WORK ON THE ISSUE OF TRADING RIGHTS, AND REVIEW ITS DECISION TO SUSPEND TAX REBATES GRANTED TO FOREIGN FIRMS ON IMPORTATION OF CAPITAL GOODS.

10. DURING THE OPEN PRESS WOU SIGNING CEREMONY, SECRETARY BROWN STATED THAT THE NINTH SESSION OF THE JCCT HAD BEEN PRODUCTIVE AND HELPED TO STRENGTHEN THE FOUNDATION OF THE U.S.-CHINA BILATERAL TRADE RELATIONSHIP. HE NOTED THE EXPANSION OF THE JCCT WORKING GROUPS AND SAID THAT THEY WOULD ALLOW FOR MORE EFFECTIVE COMMUNICATION ON TRADE ISSUES. SECRETARY BROWN SAID THAT HE WAS HONORED TO PRESENT NOFTEC WITH A COMPLETE SET OF U.S. COMMERCIAL STATUTES TO ASSIST IT IN THE ESTABLISHMENT OF A COMMERCIAL LIBRARY. HE NOTED THAT CHINA HAD BECOME A FULL PARTNER IN VICE PRESIDENT GORE'S GLOBE ENVIRONMENTAL PROGRAM, AND ANNOUNCED THAT VICE PRESIDENT GORE HAD SENT APPRECIATORY LETTERS TO CHINA STATE SCIENCE AND TECHNOLOGY COMMISSION MINISTER SONG JIANG AND ENVIRONMENTAL PROTECTION BUREAU DIRECTOR XIE ZHENHUA.

11. WU YI EXPRESSED HER DEEP APPRECIATION TO SECRETARY BROWN FOR THE GIFT TO NOFTEC OF A SET OF U.S. COMMERCIAL STATUTES. SHE INDICATED THAT SHE FULLY AGREED WITH SECRETARY BROWN'S CHARACTERIZATION OF THE NINTH SESSION OF THE JCCT AS POSITIVE AND PRODUCTIVE. WU STATED THAT THE UNITED STATES WAS THE WORLD'S LARGEST DEVELOPED COUNTRY AND THAT CHINA WAS THE WORLD'S LARGEST DEVELOPING COUNTRY. GREATER COOPERATION BETWEEN THE TWO WAS IN THE INTEREST OF NOT ONLY THE UNITED STATES AND CHINA, BUT WOULD ALSO HELP TO FOSTER PEACE AND PROSPERITY THROUGHOUT THE WORLD.

12. WU STATED THAT SECRETARY BROWN HAD ALREADY MET WITH CHINESE VICE PREMIERS LI LARQING AND ZOU JIANUA, AND ANNOUNCED HE WOULD MEET WITH PRESIDENT JIANG ZEMIN LATER IN THE DAY. SHE CHARACTERIZED THE HIGH LEVEL ACCESS GIVEN TO SECRETARY BROWN AS DEMONSTRATIVE OF CHINA'S DESIRE TO IMPROVE RELATIONS WITH THE UNITED STATES.

13. THE EIGHT DOCUMENTS SIGNED AT THE JCCT CLOSING PLENIARY ARE AS FOLLOWS:

-- TERMS OF REFERENCE OF JCCT'S BDIC SUBGROUP ON TELECOMMUNICATIONS FACILITIES AND EQUIPMENT.

-- MOU BETWEEN U.S. DEPARTMENT OF COMMERCE'S PATENT AND TRADEMARK OFFICE AND THE CHINESE PATENT OFFICE ON

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PROVISION OF CERTAIN DATA BASES.

-- JOINT STATEMENT ON THE JCCT STEERING GROUP BY CHINA AND THE UNITED STATES.

-- AGREEMENT BETWEEN CHINA'S STATE ENVIRONMENTAL PROTECTION BUREAU AND THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION OF THE U.S. DEPARTMENT OF COMMERCE FOR COOPERATION IN THE GLOBE PROGRAM.

-- JOINT STATEMENT REGARDING ESTABLISHMENT OF THE U.S.-CHINA BUSINESS DEVELOPMENT COMMITTEE.

-- TERMS OF REFERENCE OF JCCT'S BDIC SUBGROUP ON THE ENVIRONMENT.

-- MOU CONCERNING THE ESTABLISHMENT OF A MEDICAL AND PHARMACEUTICAL INDUSTRIES SUBGROUP UNDER THE JCCT.

-- GLOBE SPONSORSHIP AGREEMENT CHINA'S STATE ENVIRONMENTAL PROTECTION BUREAU AND THE U.S. COMPANY, AMERITECH INTERNATIONAL, INC.

14. THIS CABLE WAS NOT CLEARED BY SECRETARY BROWN'S PARTY PRIOR TO ITS DEPARTURE FROM BEIJING. HALLFORD BT